

Introduction

This publication provides basic information on how to run a successful mail order business. It includes information on product selection, pricing, testing, writing effective advertisements, etc. It also provides a list of other publications and trade associations for persons interested in learning more about mail order selling.

Mail Order Successes

Almost a hundred years ago Richard Sears and Julius Rosenwald got together to build Sears, Roebuck and Company into what would eventually become a \$10 billion corporation. Meanwhile, Aaron Montgomery Ward started his own company, which would become a multimillion dollar operation. These three entrepreneurs became the world's first mail order millionaires.

Since that time, countless part-time and full-time entrepreneurs have been attracted to the mail order business. Many have failed. However, a surprising number of businesses have succeeded in both good times and bad. Today, you can buy everything from clothes to insurance to live lobsters from Maine, all through the mail.

What Qualities are Required?

For marketing wizards, mail orders can be highly profitable. Melvin Powers, a famous mail order publisher, started with a single book. Today, he has more than 400 books in print and has sold millions of copies. Another marketing genius, Richard Thalheimer, built a multimillion dollar company, The Sharper Image, starting with a chronograph watch and an ad in *Runner's World*. He now sells not only by mail but also through major retail outlets across the country. Although everyone cannot expect to achieve the same level of success as these exceptional entrepreneurs, your chances for building a profitable mail order business are increased if you possess the following essential qualities: imagination, persistence, honesty, and knowledge.

Imagination. Imagination is needed to visualize the special appeal that will compel a potential customer to buy your

product. One mail order expert with imagination is Joe Cossman. In his book *How I Made \$1 Million in Mail Order*, Cossman described how someone once brought an unsuccessful mail order product to him with an offer to sell the rights. The product consisted of earrings with little bells attached. Cossman managed to turn this mail order loser into a mail order winner simply by renaming the product "mother-in-law earrings" and selling them to newlyweds.

Persistence. Persistence is required because success is rarely instantaneous. There are always obstacles and setbacks. Cossman struggled over a year before making his first success. While holding down a full-time job, he worked at his kitchen table, tackling false leads, problems, and failures. He did nothing but lose money. Less persistent entrepreneurs would have quit much sooner. But when he finally was successful, his first product made him \$30,000 in less than one month.

Honesty. Absolute honesty is necessary because a successful mail order business is built on trust, satisfied customers, and repeat sales. Cheat your customers even a little, and you've lost them forever. Without repeat customers, you might just as well invest your money in a dry oil well. The potential for a successful enterprise is gone.

In addition, Federal, state, and local government agencies, as well as the Better Business Bureaus and consumer groups constantly watch advertising and are quick to take action against unsubstantiated claims or infractions of any laws.

Knowledge. Without knowledge—the how-to's and the why's—your chances for success are minimal. Success stories like Ward's, Sears', and Cossman's are built around that individual's constant search for knowledge—knowledge that answers two critically important questions: What works? What doesn't?

You must continue increasing your knowledge if you are to succeed. You can increase it through both reading and experience. Experience is valuable, but it is also the most expensive way to learn. Because you can save time and money through the experiences of others, extensive reading is highly recommended. Joe Cossman says that he spends at least one full day a month at the public library.

You can also learn from successful competitors. Make a thorough study of magazines and newspapers, and review

the ads appearing there over a period of time. Note ads that run consistently month after month or several times a year. Answer ads that are particularly interesting. Carefully study the catalogs, sales letters, brochures, and sales literature received. Study particularly all follow-up mailings. You should know what the competition is doing.

Product Selection

It may appear that you can sell almost anything through the mail, but this just isn't true. To develop ideas for products, you may want to study trade publications, attend product shows, contact manufacturers, and answer ads. To increase your chances of picking a winner, look for a product that is light weight; nearly unbreakable; has a broad appeal to a large, specific segment of the population; and has a large margin for profit.

This last requirement means you have to be able to buy low and sell high. You should select a product that allows you to sell it for three to four times the cost. This is a much higher margin than for goods sold by retail merchants, who usually sell at about twice their cost. But you need this margin to make a profit because of the high cost of advertising. Although you can't get this kind of mark-up with all products, you can charge even more for many products. If customers won't pay the price that you need to make a profit, find a different product to sell. However, many mail order advertisers are willing to lose money on initial sales to obtain the customer's name. They hope to more than make up for the loss by selling a satisfied customer many additional products in the future. Without the high cost of advertising, direct mail repeat sales can be made at much higher margins. Again, this is one of the reasons that honesty and efficiency in mail order operations is so important.

Pricing Structure

How you structure your offer is also important. You may have the right product and the right price but still lose simply by the way you present it.

For example, you want to sell a product called a widget at two for \$1.00. You could advertise your offer just like that, or you could advertise one widget for \$1.00 and a second

widget free. Or you could sell one widget for \$.99 and offer a second one for \$.01.

All of these offers are exactly the same. However, they are perceived differently by your customers. Tests have shown that there can be a 600 percent difference in response by presenting an offer in different terms. Unfortunately, because every situation is different, no one can tell you which is the best offer without knowing the product and project intimately—and without doing extensive testing.

Forecasting Sales

Always be on the cautious side in forecasting sales. Your breakeven point (the number of units sold at which a project stops losing money and begins to make money) should be set very low at least while you are testing your probable level of response. For example, if your breakeven point is five percent of the names on a mailing list, up to five percent of the people can respond to your offer and you are still not making a profit. Keep your expectations reasonable. For many businesses, one quarter of one percent is an excellent response.

The same idea is true in forecasting orders from magazine advertisements. One famous advertiser is happy if he gets 1.25 times the cost of his advertisements in sales. This means that if the advertisement cost \$100, he is delighted if the resulting sales amount to \$125. For one publication, this means 1/10 of one percent of the readership responded. However, many advertisements don't even bring in 1/100 of one percent of their readership.

Testing—Mail Order's Secret Weapon

Successful mail order operators test almost everything. They test the results of offers . . . copy appeals . . . mailing lists . . . formats . . . prices . . . advertising media . . . and any other variable that has a direct influence on the response to an ad or mailing. Testing is a scientific approach to mail order selling. It is an effective secret weapon that permits a mail order entrepreneur to fail with four out of five products and still walk away with big profits on the fifth product.

How is it done? Spend a small amount of money for a test ad or mailing list. A complete failure tells you to drop the whole project. Marginal results tell you to experiment and rework some aspect of the project. A major success gives you the green light for a larger investment.

In this way, you can afford to lose money on several dismal failures. But when your testing indicates a clear success, you can move immediately to capitalize on what you know to be a winner. The idea is not to risk a lot of money until you are more certain of success.

Advertising

Nothing determines the success of a mail order enterprise so much as its advertising, whether it be magazine, newspaper, radio, TV, direct mail, or some other form of promotion. Writing advertising copy, preparing art, selecting media, determining price, and other factors usually require expert skills. If you decide to work with an advertising agency, select one primarily on the basis of its successful experience in producing profitable mail order advertising.

Whether you decide to use an agency or go it alone, below are some important concepts to remember.

Where to Advertise

It is important to recognize that everyone is not a good prospect for your product or service. Concentrate your efforts on the segments of the market that are more likely to buy than others. For example, if you have a new type of cooking pot, you may think everybody would be a prospect because everybody cooks. Wrong! Many individuals are not interested in cooking and do not want to try something new. Some people may think your price is too high (or too low), and some won't buy anything through the mail.

A good strategy is to advertise in the same place where similar items are advertised. This is true whether the media you are considering is a magazine or a list of names for a direct mail campaign.

When Should You Advertise

The month in which you advertise a product or service can have a great effect on the results. For general guidelines, the following is probably true:

Although most products can be advertised all year, some usually should be advertised and sold only during certain seasons. For example, you probably should not try to sell garden hoses in December.

Major events can affect the results of your promotion. For example, November is usually a good month for most products; however, depending on what you are selling, November sales may be better or worse in an election year. Similarly, a war, the death of an important person, or other major events will affect the results of a mail order promotion.

Whatever your product, some months are better for sales than others. You can only find out the best months for your product by testing. Generally, as compiled from various sources, the best to worst months for mail orders sales are the following: January, February, October, November, March, September, August, April, December, July, May, and June.

When starting off a new product or service, advertise during the logical months, considering your product and the season of the year. Then analyze your response. If you test in a good month, the results may be much better than you can expect in an average or poor mail order sales month. In the same way, if your test ad appears in a bad month and the results are only marginal, you may get better sales in other months.

Depending on the strength of the response, you can estimate the most effective frequency for advertising. For example, if the response was strong, you may decide to advertise your product frequently. If the response was only moderate, you should probably advertise less frequently—perhaps every other month or once a quarter or only during certain peak months. Finally, if the response was profitable but weak during a good mail order month, possibly you should advertise this particular product infrequently.

What To Put In Your Advertisements

The words (or copy) in your advertisements are critical. They should not be just a casual consideration. In his book *Tested Advertising Methods*, John Caples described two ads that were the same size, that used the same illustrations, and that were in identical publications. Only the copy differed. One ad sold 19 1/2 times as many goods as the other. This is not just the difference between failure and success; it can be the difference between failure and a small fortune.

There are many different formulas of developing copy. Initially, you should write your advertisement according to a definite copy structure. Once you know that you can write good mail order copy, you can experiment with less structured forms of communicating. The *Copyright Checklist* included in this pamphlet lists several important considerations. One good basic structure to begin with is described below:

Get attention.

Develop interest.

Show the benefits and advantages of your product or service.

Build up and maintain credibility.

Deliver a call to action.

Get Attention. The most important element of your ad and copy is the headline. This is how you gain attention. Yet, many copywriters, who spend hours writing the words in the body of the ad, will spend just a few minutes on the headline. The weekly magazine *Advertising Age* once related that Maxwell Sackheim sold 500,000 copies of a book by changing the title, and therefore the headline, from *Five Acres to Five Acres and Independence*.

All good headlines have certain things in common. First, a good headline appeals to the reader's self-interest and stresses the most important benefit of the product or service. If the copywriter can arouse the curiosity of the reader or present startling news or suggest a quick and easy way that the reader might obtain an important benefit, the stopping power of the headline is enhanced.

The second characteristic that good headlines have in common is the use of key words that are psychologically powerful in attracting potential readers. In *Confessions of an Advertising Man*, David Ogilvy says that the most important of these key words are *free* and *new*, but there are many other powerful words. Here is a list of some words psychologists have discovered to be powerful in stopping readers and getting their attention:

amazing	announcing	at last
bargain	challenge	easy
how to	hurry	important
just arrived	last chance	miracle
power	remarkable	revolutionary
secret	sensational	success
wanted	who else	why*

Develop Interest and Demonstrate Benefits. Once you have gained the reader's attention, demonstrate the benefits of buying. The benefits must override the cost of the product and the trouble involved in finding a stamp and envelope, writing a check, and mailing the order. Don't sell product descriptions. Sell benefits. A customer at a restaurant buys the taste, smell, and sizzle, not a piece of meat. It is your job to describe your product in terms of taste, smell, and sizzle.

Build Credibility. Credibility is very important in making your copy effective. Regardless of what you say about the benefits or advantages of a product, if your potential customer does not believe what you say, he or she will not place an order.

Testimonials can be very helpful, particularly if you have permission to use the name of an individual whose testimonial is on file. An alternative is to omit the name or use only initials.

Other means of achieving credibility are identifying a bank, accountant, or attorney who is willing to be a reference. Even showing a picture of the building that houses your business can add credibility, especially if it is an imposing structure.

Call to Action. A basic law of sales is that a face-to-face salesperson must ask for an order. As a salesperson selling through an advertisement, you should also call your customer to immediate action. You don't want your customers to cut out the coupon and put it away for another day. You want your customers to order immediately. Research has demonstrated that regardless of initial intent, in most instances, if your prospects don't order immediately, they don't order at all. Include incentives, such as a statement on limited quantities or a limited time offer.

*For a comprehensive list, refer to *Building a Mail Order Business*, 2nd Edition, William A. Cohen (New York: John Wiley & Sons, Inc., 1983).

Copywriting Checklist

Headline

- Does the headline appeal to self-interest, offer exciting news, or arouse interest?
- Is the headline positive, rather than negative?
- Does the headline suggest that the reader can obtain something easily and quickly?
- Does the headline make use of the powerful words of mail order advertising?
- Does the headline stress the most important benefit to the product?
- Does the headline stop the reader and cause him or her to read further?
- Is the headline believable?
- Does the headline tie in with the copy?

The Offer

Are all the elements of the offer present in the copy?

Product	Price
Terms	Guarantee
Options	Additional Inducements to buy
Dates	Places

- Do you gain interest at once by use of a story, or startling or unusual statement, a quote, or news?
- Do you show benefits and advantages that appeal to emotional needs so that your offer is irresistible?
- Do you establish credibility with your reader through the use of testimonials, statements, by your accountant, or some other means?
- Do you encourage immediate action by listing a reason to order now, i.e., limited quantities, time limit on offer, etc.?

Copy Quality

- Is the copy written in a conversational tone?
- Does your copy move right along?
- Do you use short words, short sentences, and short paragraphs?
- Do you use several subheadings throughout your copy?

What Cost?

Top quality advertising costs more, but it usually brings the best results. However, don't overspend on advertising, direct mail, and other promotions. Don't invest in full color printing when one or two colors will do the job. There is no need to use the costliest papers, elaborate art, or other extravagances to sell profitably.

Keep Good Records

A word of caution: to succeed in mail order pay close attention to details. But don't get bogged down in them. Keeping accurate records, results of ads, advertising costs, printing, postage, cost-per-order, and other figures are important to the success of the business. However, do it in the simplest, easiest, least time-consuming way possible.

Repeat Business—Key to Maximum Profits

Continuous profits come from continuous sales. As already suggested, rarely is a profitable mail order business established on a one-time sale. In a previous version of this publication, Paul Muchnick, president of Paul Muchnick Company in Los Angeles, offered the following as methods to stimulate repeat orders at minimal cost:

Never Forget the Customer. The list of customers built up is a most valuable asset. Use it to send offers of merchandise at frequent intervals.

Use Package Stuffers. A regular catalog or a special offer rides "free" in outgoing orders. Since postage and packing costs already are being paid to ship the merchandise, package enclosures can bring in new sales and profits.

Offer Quantity Discounts. Get larger orders by offering savings on quantity purchases. Every one loves a bargain. A discount or a special price, a premium for an order over a given amount, and similar incentives stimulate larger orders. Furthermore, gift certificates are often used profitably too, especially during Christmas and other holiday seasons.

Advertise on Envelopes. If you are enclosing advertising in the envelope, consider using the envelope itself to feature one or more special offers. The additional printing cost could prove insignificant compared to the extra sales produced.

Mail order can be a profitable and interesting full or part-time business. But remember, you will probably lose money before you start making it. So don't make major investments until you have gained experience and until you have found the right product at the right price and the best means of communicating it to the most receptive market.

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